

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>		<b>1. CONTRACT ID CODE</b>		<b>PAGE OF PAGES</b> <b>1 of 8</b>	
<b>2. AMENDMENT/MODIFICATION NO.</b> 0001		<b>3. EFFECTIVE DATE</b> July 20, 2000		<b>4. REQUISITION/PURCHASE REQ. NO</b>	
<b>5. PROJECT NO. (If applicable)</b>					
<b>6. ISSUED BY</b>		<b>CODE</b> SCO600		<b>7. ADMINISTERED BY (If other than Item 6)</b> <b>CODE</b>	
ATTN: BRIAN DELONG / BRENDA HALL / DESC-FPB / SUITE 2941 DEFENSE ENERGY SUPPORT CENTER 8725 JOHN J. KINGMAN RD., SUITE 4950 FT. BELVOIR, VA 22060-6222 PHONE: 703-767-9336/9342 FAX: 703-767-9338					
<b>8. NAME AND ADDRESS OF CONTRACTOR (NO., street,city,county,State,and ZIP Code)</b>				<b>9a. AMENDMENT OF SOLICITATION NO.</b> SP0600-00-R-0076	
				<b>X 9b. DATED (SEE ITEM 11)</b> July 19, 2000	
				<b>10a. MODIFICATION OF CONTRACT/ORDER NO.</b>	
				<b>10b. DATED (SEE ITEM 13)</b>	
BIDDER CODE		CAGE CODE:			
<b>11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS</b>					
<p>[ X ] The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers [ ] is extended, [ X ] is not extended</p> <p>Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning 1 copies of the amendment;(b) By acknowledging receipt of this amendment on each copy of the offer submitted; or(c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers.</p> <p><b>FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER.</b> If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.</p>					
<b>12. ACCOUNTING AND APPROPRIATION DATA (If required)</b>					
<b>THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14</b>					
A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.					
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b)					
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:					
D. OTHER (Specify type of modification and authority)					
<b>E. IMPORTANT:</b> Contractor [ X ] is not, [ ] is required to sign this document and return _____ copies to the issuing office.					
<b>14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)</b>					
<p>A. Under clause B34.01, SERVICES/SUPPLIES TO BE FURNISHED, paragraph (C), Product Required, the third sentence is revised to read:</p> <p>Product must be delivered FOB destination <b>from October 1 – 31, 2000</b> with one fuel oil contract to be awarded to each storage location.</p> <p>B. Under Attachment 2, the letter “E” is replaced by “degrees”.</p> <p>C. Attachment 4 is replaced by the following Attachment 4.</p> <p>Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.</p>					
<b>15A. NAME AND TITLE OF SIGNER (Type or Print)</b>			<b>16A. NAME OF CONTRACTING OFFICER</b> BRIAN DeLONG		
<b>15B. NAME OF CONTRACTOR/OFFEROR</b>		<b>15C. DATE SIGNED</b>		<b>16B. UNITED STATES OF AMERICA</b>	
BY _____ (Signature of person authorized to sign)				BY _____ (Signature of Contracting Officer)	
				<b>16C. DATE SIGNED</b>	

## **ATTACHMENT 4**

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## **SECTION A: REQUIREMENTS**

### **A.1 Description of the Crude Oil**

The characteristics of the SPR crude oil offered to the Contractor are presented in Attachment 3.

### **A.2 Delivery of SPR Crude Oil**

- a. The SPR is capable of delivering its crude oil to the Contractor at the following rates, subject to the level of other commercial activity and any other operational constraints or environmental limitations impacting terminal capabilities:

1000 MBD to Sun Terminal, Nederland, TX

200 MBD to West Hackberry/Equilon Pipeline Connection via SPR Lake Charles Meter Station.

- b. For marine deliveries, the Contractor is responsible for compliance with the Jones Act for coastwise movements and all pertinent export regulations. In addition, the Contractor is responsible for securing vessels compatible with any terminal vapor recovery system, if applicable.
- c. The Contractor, at its expense, shall make all necessary arrangements to receive delivery of SPR crude oil through the SPR pipeline connection at connecting commercial terminals or commercial pipelines. Reference Sections C. 1 a. through c below.
- d. The contractor will coordinate oil receipts with the commercial terminals receiving SPR deliveries. After such coordination, the Contractor will provide delivery information to the SPR for the proposed dates of shipment. The SPR will confirm the schedule or provide alternative delivery dates within three days of receipt of the Contractor's submission of the schedule.

### **A.3 Inventory Close-out Reconciliation**

If there is a variance after completion of all deliveries of SPR crude oil to the Contractor, additional crude oil will be delivered to the Contractor if there was a shortage, or the Government will invoice the Contractor for the market value of the overage at the time of the last delivery to the Contractor. The market value for crude oil will be based on the value of WTI as published in Platt's Oilgram Price Report.

## **SECTION B - QUALITY AND QUANTITY DETERMINATION/INSPECTION AND ACCEPTANCE**

### **B.1 Custody Transfer Measurements for Delivery of SPR Crude Oil to Customer**

Quantity and quality custody transfer measurements for SPR crude oil delivered by the West Hackberry storage facility to the Contractor shall be made as follows:

Sun Pipeline Company (Nederland, TX) - Custody transfer shall take place at the Sun terminal tank(s) receiving crude oil from the SPR West Hackberry pipeline. Quantity measurements shall be based on opening and closing tank gauges. A composite tank sample shall be collected for quality determination with the analyses being performed by the Sun terminal laboratory.

SPR Lake Charles Meter Station (LCMS) connection to the Equilon Pipeline Company LLC (Equilon formally TPLI) 22" pipeline. Custody transfer measurements shall be taken at the SPR LCMS custody transfer meters and automatic in-line sampler. The sample analyses shall be performed by the SPR West Hackberry facility. The tests specified below shall be performed by the SPR or by an SPR contracted laboratory

### **B.2 Crude Oil Quality Determination**

- a. The quality of the crude oil that is delivered to the Contractor by the SPR shall be determined from samples collected from the shore tanks in accordance with American Petroleum Institute (API) Manual of Petroleum Measurement Standards (MPMS), Chapter 8. 1, Manual Sampling of Petroleum and Petroleum Products (ASTM D4057), latest edition; or from an automatic in-line sampler whose performance has been proven in accordance with the API MPMS, Chapter 8.2, Automatic Sampling of Petroleum and Petroleum Products (ASTM D4177), latest edition. Preference shall be given to samples collected by means of an automatic in-line sampler when such a system is available and operational. Tests to be performed by the SPR or its authorized agent are:

- (1) Sediment and Water

Primary Methods: API MPMS, Chapter 10. 1, Determination of Sediment in Crude Oils and Fuel Oils by the Extraction Method (ASTM D473) (IP 53), latest edition; or API MPMS, Chapter 10.8, Sediment in Crude Oil by Membrane Filtration (ASTM D4807), latest edition; and API MPMS, Chapter 10.2, Determination of Water in Crude Oil by Distillation (ASTM D4006) (IP 358), latest edition; or API MPMS, Chapter 10.9, Water in Crude Oil by Coulometric Karl Fischer Titration (ASTM D4928), latest edition.

Alternate Method: API MPMS, Chapter 10.3, Determination of Water and Sediment in Crude Oil by the Centrifuge Method (Laboratory Procedure)

(ASTM D4007) (IP 359), latest edition.

(2) Sulfur

Primary Method: ASTM D1552, Sulfur in Petroleum Products (High Temperature Method), latest edition.

Alternate method: ASTM D4294, Sulfur in Petroleum Products by Energy-Dispersive X-ray Fluorescence Spectroscopy, latest edition.

(3) API Gravity

Primary Methods: API MPMS, Chapter 9. 1, Hydrometer Test Method for Density, Relative Density (Specific Gravity), (ASTM D1298); or Density and Relative Density of Crude Oils by Digital Density Analyzer (ASTM D5002), latest edition.

Alternate Method: API Gravity of Crude and Petroleum Products (Hydrometer Method) (ASTM D287), latest edition.

- c. To the maximum extent practicable, the primary methods shall be used for determination of crude oil quality. Use of alternative methods will be as mutually agreed upon by the Government and the Contractor, but the Government's test results as determined using primary methods shall be binding in any dispute over quality characteristics of the crude oil.
- d. The Contractor or his representative may arrange to witness and verify testing simultaneously with the Government Quality Assurance Representative. Such services, however, shall be for the account of the Contractor. Should the Contractor opt not to witness the testing, then the Government findings shall be binding on the Contractor.

### B.3 Crude Oil Quantity Determination

- a. The quantity of SPR crude oil that is delivered to the Contractor shall be determined by either opening and closing tank gauges (with adjustment for opening and closing free water and sediment and water, as determined from shore tank samples where an automatic sampler is not available), or delivery meter reports. All volumetric measurements shall be corrected to net standard volume in barrels at 60°F, using the API MPMS, Chapter 11. 1, Volume 1, Volume Correction Factors (ASTM D1250) (IP 200); Table 5A-Generalized Crude Oils, Correction of Observed API Gravity to API Gravity at 60°F; Table 6A-Generalized Crude Oils, Correction of Volume to 60°F Against API Gravity at 60°F, latest edition, and by deducting the tank's free water, and the entrained sediment and water as determined by the testing of composite all-levels samples taken from the delivery tanks; or by deducting the sediment and water as determined by testing a representative portion of the sample collected by a certified automatic in-line sampler, and also corrected by the applicable pressure correction factor and meter factor.
- b. The quantity measurements shall be performed and certified by the Government's agent responsible for delivery operations, and witnessed by the Government Quality Assurance Representative at the delivery point. The Contractor shall have the right to have representatives present at the gauging/metering, sampling, and testing. Should the Contractor arrange for

additional inspection services, such services shall be for the account of the Contractor. Should the Contractor not arrange for additional services, then the Government's quantity determination shall be binding on the Contractor.

#### B.4 Title to the Crude Oil

Title for each shipment delivered by the SPR to the Contractor shall transfer to the Contractor when the crude oil passes the custody delivery transfer points listed in B.1.

#### B.5 Quality of SPR Crude Oil Offered for Exchange

The characteristics of the SPR crude oil offered for exchange are shown in Attachment 3 and are the most current information available to the Government. The Contractor shall accept the crude oil delivered, subject to adjustment for quality differentials as follows:

- a. Quality differentials shall be computed on SPR crude oil delivered to the Contractor as compared to the values for American Petroleum Institute (API) Gravity and Sulfur mass percent for SPR crude oil listed in Attachment 3.
- b. Laboratory tests for API Gravity and Sulfur mass percent, in accordance with tests methods listed in Section B.2, shall be taken when custody of the crude oil is passed to the receiving party.
- c. The allowable variations from the contracted quality for SPR crude oil are as follows:

<u>Characteristic</u>	<u>Sweet</u>
API° Gravity	+/- 0.5
Sulfur - Mass, %	+/- 0.05

- d. The quality adjustments shall be based on the following rates: (1) API Gravity: Adjustment is 2¢ per barrel for each degree (1.0°) increase or decrease in (API) Gravity, or part thereof, by which the allowable variations set forth above are exceeded.
- e. Total Sulfur: 1.0¢ per barrel for each 1/100<sup>th</sup> percent (0.01%) increase or decrease in total sulfur by which the allowable variations set forth above are exceeded.

### **SECTION C - SHIPPING**

#### C.1 Crude Oil Movement Scheduling

- a. The Contractor, at its expense, shall make all necessary arrangements to receive delivery of crude oil through the SPR pipeline connection at connecting commercial terminals or commercial pipelines, described above.
- b. The Contractor is solely responsible for making the necessary arrangements with commercial terminals and pipeline carriers, including storage, to achieve any minimum rate/quantity required

by SPR connecting facilities.

- c. The Government shall provide, at no cost to the Contractor, transportation by pipeline from the SPR to the commercial facility connection. The Contractor agrees to assume responsibility for, to pay for, and to indemnify and hold the Government harmless for any other costs associated with terminal and pipeline services necessary to receive and transport the crude oil, including but not limited to, tank storage charges incurred in the delivery of crude oil to the Contractor. The Contractor also agrees to assume responsibility for, to pay for, and to indemnify and hold the Government harmless for any liability, including consequential or other damages, incurred or occasioned by the Contractor, its agent subcontractor at any tier, assignee, or any subsequent Contractor, in connection with movement of crude oil under this agreement.
- d. The Contractor shall submit a schedule to the SPR not later than the 25th day of the month preceding deliveries. The Government shall make its best effort to comply with the schedule provided by the Contractor.
- e. The Contractor shall be responsible for meeting all delivery requirements imposed by the commercial facilities, including nomination and approval of delivery time frames, and complying with the rules, regulations and procedures contained in applicable port/terminal manuals, pipeline tariffs, or other applicable documents.
- f. The Contractor shall provide written confirmation to the SPR, no later than seven calendar days prior to the scheduled date of each delivery under the contract, the name(s) of the authorized agent(s) given signature authority to sign/endorse the delivery documentation on the Contractor's behalf. Any changes to this listing of names shall be provided to the SPR in writing no later than 72 hours before the first delivery to which such change applies. In the event that an independent surveyor (separate from the authorized signatory agent) is appointed by the Contractor to witness the delivery operation (gauging, sampling, testing, etc.), written notification shall be provided to SPR no later than 72 hours prior to the scheduled date of each applicable cargo delivery.
- g. The date of delivery, which shall be recorded on the DD250 (see Exhibit D-1), is the date delivery commenced to the custody transfer point as identified in the solicitation.
- h. If the Contractor is unable or refuses to receive its SPR crude oil scheduled for delivery, the Government reserves the right to make those arrangements for disposition of the crude oil it deems appropriate. Any additional expenses incurred by the Government in making such arrangements shall borne by the Contractor.

## C.2 Delivery and Receipt Documentation

The quantity and quality determination shall be documented on the Material Inspection and Receiving Report (DD Form 250). See Exhibit D- I for copy of this form. The DD Form 250 shall be signed by the Contractor's agent to acknowledge delivery and receipt

of the quantity and quality of crude oil indicated. Copies of the completed DD Form 250, with applicable supporting documentation (i.e., metering or tank gauging tickets and appropriate calculation worksheets), shall be furnished to the Contractor and/or the Contractor's authorized representative after completion of delivery or receipts.

C.3 Contract Amounts

Due to conditions of oil movement by pipeline, the quantity actually delivered may vary by +/- 5 percent for each shipment. Shortages or overages will be reconciled in accordance with Section A.3 above.

**SECTION D - EXHIBITS**

Exhibit D-1      Sample Material Inspection and Receiving Report